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ABSTRACT

This guide aims to help universities and colleges in England think strategically about the contribution of human resources to their organization and then to turn this thinking into an agreed strategy document to manage their human resources (HR) effectively. In November 2000, the British government announced an additional 330 million pounds over 3 years to improve the management of human resources in higher education. The Higher Education Funding Council for England has distributed this money as conditional grants to institutions that have identified their overall aims and described how the money will be spent. Part 1 of this guide looks at the development of effective HR strategies, including processes, priorities, resource allocation, and target setting. Part 2 focuses on the six priority areas identified in an earlier document (HEFCE 01/16): (1) recruitment and retention; (2) staff training and development; (3) equal opportunities; (4) regular reviews of staffing needs; (5) annual performance reviews for all staff; and (6) action to tackle poor performance. Attachments (annexes) discuss specific areas that HR strategies would cover and present a self-evaluation questionnaire. (SLD)

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March 02/14 Report

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Rewarding and developing staff in higher education

Good practice in setting HR strategies

HIGHER EDUCATION hefce FUNDING COUNCIL FOR ENGLAND

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Rewarding and developing staff in higher education

Good practice in setting HR strategies

To	Heads of HEFCE-funded higher education institutions Heads of universities in Northern Ireland
Of interest to those responsible for	Human resources management and institutional strategic management
Reference	02/14
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Executive summary

Purpose

1. This guide aims to help universities and colleges think strategically about the contribution of human resources to their organisation, to turn this into an agreed strategy document, and to manage their human resources effectively. It provides advice and case studies, and aims to encourage the sharing of good practice.

Key points

2. In November 2000 the Government announced an additional £330 million over three years to improve the management of human resources in higher education. We have distributed this as conditional grants, released once institutions have submitted a strategy that identifies overall aims, describes how the money will be spent, and sets specific objectives for improving outcomes and processes (see 'Rewarding and developing staff in HE' HEFCE 01/16).

3. The first strategies were submitted to us in June 2001. Most were approved as emerging, rather than full; institutions have been asked to submit full strategies by 1 June 2002 (see HEFCE 02/09).

4. We commissioned independent consultants, the Office of Public Management, to analyse all the strategy documents, and to identify good practice. This guide draws on that analysis, feedback from a series of seminars, and comments from the sector on a draft version.

5. The guide is in two parts:

- Part 1 looks at the development of effective HR strategies – processes, priorities, resource allocation, and target setting
- Part 2 focuses on the six priority areas identified in HEFCE 01/16.

Action required

6. This report is for information and guidance.

Background

7. The world class reputation of UK higher education depends on its ability to recruit and retain high quality staff. Higher education needs people with the expertise and the commitment to sustain – and improve – the performance of institutions in an increasingly competitive environment. Good human resource management (HRM), both now and in the future, will be the key to success.

8. There are many positive aspects of HRM in higher education institutions (HEIs), including devolved responsibilities, an ethos of reflection and learning, and a good record of delivery. But, while HEIs must continue to identify their own human resources (HR) priorities, it is also reasonable to expect them to use modern HRM systems and methods.

9. In November 2000 the Government announced an additional £330 million over three years to improve the management of HR within higher education. This was intended to assist with the recruitment and retention of staff, to improve HR practice in areas such as staff development, and to modernise HR systems and processes. We have distributed the additional resources as conditional grants, released to HEIs on the receipt of an HR strategy that identifies overall objectives, describes how the money will be spent, and sets specific objectives for improving both outcomes and processes.

10. The first HR strategies were submitted to us by 1 June 2001. Seventeen (13 per cent) of these were approved as full strategies and 110 (85 per cent) as emerging. HEIs with emerging strategies have been asked to submit full strategies by 1 June 2002.

11. It is clear from the strategies that institutions are tackling the challenges of HR issues. Inevitably institutions are at different stages of development, but there is much that they can learn from one another in taking this work forward. This guide seeks to encourage and support such learning.

Purpose of the guide

12. This guide has been designed to help HEIs think strategically about the contribution of HR to their organisation, to turn this into an agreed document, and to manage their human resources effectively. It provides guidance and advice and also aims to encourage the sharing of good practice and networking between different institutions.

13. We recognise that written documents may not necessarily reflect reality, and that some examples of good practice may not have been written into the strategies. Nevertheless, these documents are a good source of information about thinking and practice in the sector. In this guide, therefore, we have drawn upon an assessment of all HEIs' strategies. This was carried out in summer 2001 by a team of independent consultants and reviewed by HEFCE regional teams. We have also been mindful of general expectations of modern HRM practices and the need for compliance with employment law. To produce the guide, we have consulted widely within the sector and through a series of seminars.

14. The assessment of the HR strategies also pinpointed a number of common failings and deficiencies. It will be valuable for the sector as a whole, and in particular the institutions that submitted emerging strategies last year, to learn from these as well as from the good practice identified.

Using this guide

15. Because institutions have different needs, the guide has been organised so that readers can go directly to the sections they think will be relevant, rather than reading the whole document. Consequently a degree of repetition – that is, similar material in different contexts – is inevitable.

16. The guide has two main parts:

- an exploration of the issues and processes which influence good practice in the development of HR strategies
- specific examples of good practice in the six priority areas that we have identified for the sector.

Where appropriate, we have included examples from HEIs' HR strategies. These are shown in boxed text throughout the document.

17. The relationship between the factors that affect HR strategies and the main dimensions of the submitted strategies is shown in Figures 1 and 2. (The letters in parentheses in Figure 2 refer to the six priority areas, which are summarised in paragraph 18.)

Figure 1 **Factors that affect HR strategies**

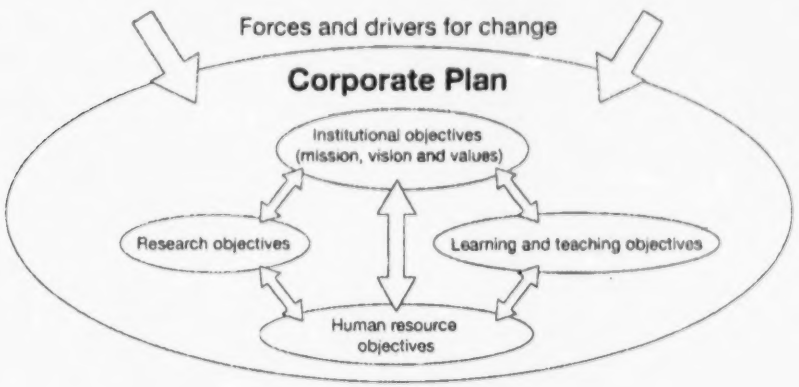

Figure 2 **Main dimensions of institutions' HR strategies**

18. The figures illustrate the main links between high level institutional objectives, or mission; second order institutional objectives, which include those for research, learning and teaching, and human resources; and the key elements that contribute to the achievement of HR objectives. The relationships between the elements are multiple and we have not attempted to delineate them all. Attention is focused on the priority areas, which are set out in Annex A and summarised below:

a. Recruitment and retention.

b. Staff training and development – including management development.

c. Developing equal opportunities targets (c1), and ensuring equal pay for work of equal value through job evaluation systems (c2).

d. Regular reviews of staffing needs.

e. Annual performance reviews for all staff.

f. Action to tackle poor performance.

19. A starting assumption is that any HR strategy will aim to create and maintain a workforce that is well-motivated, appropriately trained, equitably rewarded, and which performs effectively in pursuing the institution's objectives. While the details will vary, depending on both an organisation's mission and the context or location in which it operates, a second assumption is that the composition of the workforce will reflect the mix of skills and attributes required to achieve the mission, and demonstrate the diversity that can be expected of any modern organisation. This is covered by developing equal opportunities targets and reviews of staffing needs (priority areas c1 and d).

20. The elements which will contribute to creating a workforce with these characteristics then include recruitment and retention processes, staff development and training, ensuring equal pay through job evaluation systems, and performance reviews (priority areas a, b, c2 and e). Action to tackle poor performance (priority f) is most appropriately seen as an important subset of annual performance reviews.

21. Within this systemic picture, other links between the elements can be identified. For example, aggregated information from performance reviews should inform decisions about where to target training and development. Recruitment and retention processes – and indeed all HR activities – should be monitored to ensure they are free from bias, and provide equal opportunities for all.

22. In the second part of the guide, dealing with good practice, each section focuses first on what may be learnt from the assessment exercise, and then provides relevant extracts from individual institutions' strategies and case studies of specific schemes or initiatives.

23. Our intention is not to replicate work that has already been done elsewhere – most notably by the Universities and Colleges Employers Association (UCEA) in the guide it issued in April 2001[1] – but to augment it. Where appropriate, we refer to any additional sources of information.

[1] UCEA, 'Institutional human resource strategies: a guide to complying with HEFCE 01/16', April 2001.

Part 1 **Developing effective human resources strategies**

Overview

24. Strategy development requires clear thinking about complex issues and this will not be a simple linear process. However, those charged with developing a strategy have to start somewhere. This section suggests ways into the process, and discusses a number of core themes that broadly represent a sequence for considering strategic issues.

25. The issues will vary between institutions, but they are likely to include:

a. Finding a way to connect both with institutional processes and with the substance of institutional needs and goals. This may involve:

- paying attention to external forces and changes that will have an impact on the institution and its HR strategy
- identifying current HR issues and reviewing the performance of the HR function.

b. Identifying the strategic HR decisions that need to be taken and agreeing clear priorities.

c. Developing performance measures.

d. Allocating resources.

e. Establishing processes to monitor, evaluate and review performance against the agreed strategy.

f. Capturing the key elements of the strategy and its rationale in a document that aids communication, demonstrates how the funds are being spent, and describes what additional activities are being undertaken.

g. Building sufficiently widespread understanding among all groups of staff, including employee representatives and management or staff associations, to facilitate the implementation of the strategy.

26. Each of these areas is explored below.

Connecting with institutional planning and strategic priorities

27. One of the difficulties in trying to transplant good practice from one place to another is that both the written strategy and practice on the ground are the result of local processes, which may not be obvious from the end result. A good process will ensure that difficult decisions are identified. It will also help build a consensus for any changes in direction, and the commitment to translate the strategy into practice. This is particularly so in HEIs which, by their nature, allow their staff a lot of space to operate and make their own decisions. This first section therefore focuses on the processes to develop an effective HR strategy so that it sits comfortably within wider institutional priorities and processes, and is more easily embedded into the institution's practice.

Establishing HR within the institutional strategy or planning processes

28. There are two main ways into strategy development. The first is to start by looking ahead at the external pressures on the institution and the institution's goals in this context. The other is to start with current problems and how they might be addressed.

Of course, both these areas need to be brought together quite early on but, depending on the nature of the institution and the relationship between HR and other senior managers, one approach may be more fruitful than the other. For example, if there is no history of HR involvement in strategy, it may be best for HR staff to show how the function could contribute to overcoming current strategic problems and then build on this by showing an understanding of where this might lead in the future. But, where HR already has a seat at the top table, it may be that discussing future goals and the role of HR in meeting them is more appropriate.

29. Most institutions will have an annual planning cycle, which provides the framework for reviews of performance, external drivers and their impact on strategy. Typically these would sit within longer three- to five-year cycles when more in-depth reviews are carried out. Those responsible for HR strategy need to be aware of these processes and preferably be involved in them, or at least be providing input to them and reflecting on the implications of any decisions taken. In HEIs where strategic thinking is underdeveloped, the need to produce an HR strategy can provide the impetus for the necessary work. This will include the institution taking stock of its current position and the external environment; reviewing current practices; identifying gaps and shortcomings that must be addressed if it is to achieve its goals; and prioritising appropriate, effective and cost-effective activities to meet identified needs.

30. Whichever starting point is chosen, early on in the process the HEI will need to pay attention both to its past performance and to the impact of the external environment on possible future needs. Both these areas are considered in more detail below.

Taking account of the external environment

31. The external environment will affect how much demand there is for an institution's provision, the nature of that provision, and the availability of resources. An important step in the strategy process is to consider the political, economic, social and technological forces for change in the external environment. In response, an institution might need to rethink its goals and/or strategies. For instance:

a. Economic and social trends might affect which programmes of study become more popular and which decline and, therefore, which departments might need to expand or contract.

b. A change in funding for students could mean that more mature students would apply in future, which would have implications for the work of staff in departments that particularly attract mature students.

c. A growing shortage of qualified staff in certain subjects might make expansion in some areas particularly difficult.

Oxford Brookes University is aware of the wider external agenda and the implications for its mission. 'The university has a wider agenda to deliver, some of which is promoted by external agencies, such as government, the HEFCE, industry, competitors, and users. These issues cover areas such as widening opportunities for individuals not currently taking advantage of HE, developing links with and supporting industry and responding to the demands of the market in the use of technology in the learning environment.' (An assessment of these external pressures and current performance and internal issues has prompted a review of mission and strategy.)

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32. In addition to the broader external drivers, there will be specific HR trends to be taken into account. For example, labour market data, comparative pay and rewards, the demand for and supply of different categories of staff, and the state of the local housing market are all important factors. Changes in legal requirements will also affect HR practices. The most obvious current examples are the Race Relations (Amendment) Act and the Human Rights Act, but there will be others, including European directives and national or local changes to terms and conditions of employment. Many HR professionals will be familiar with the potential effect of external developments, but articulating them clearly will help to build a shared understanding of the context of the strategy.

The University of East London's strategy notes the implications of legal changes. 'The urgent need to invest more in people is being reinforced by new employment law, much of it European in origin, which calls for a transparent and active commitment to translating equality of opportunity from an aspiration to a reality, with targets and milestones. Other legal developments will increase protection for part-time and fixed term workers. The full implications of the Human Rights Act will gradually become apparent through case law, and the code of practice under the Data Protection Act may have a major impact on administrative processes that record information on staff.'

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33. Most institutions recognise the need to gather more data about key external HR trends such as labour market information. The decision about what information is needed and how it should be collected is rightly an important part of the HR strategy. Many institutions are using the resources provided under this initiative to begin collecting data.

Reviewing current performance

34. Good strategies need to be based on a rigorous assessment of the current situation – its successes and problems – so that future activities can be properly targeted. When developing an HR strategy two broad clusters of issues need to be considered:

- aspects of institutional performance that have an HR dimension
- the performance of the HR function itself.

An audit or review of HR practice and performance in both these areas should therefore take place at an early stage of the strategy development process.

Institutional performance in HR-related areas

35. Many current institutional problems will have an HR dimension. For example:

- the willingness and ability of staff to work in new ways is often affected by managerial styles and communications practice
- the ability to deliver particular programmes will depend on the recruitment and retention of key groups of staff; for many HEIs, the lack of good IT support has been a constraint.

36. More specific HR issues include staff turnover, attracting staff from particular ethnic backgrounds, and employee relations.

37. In order to assess performance and identify possible actions it will be helpful for those responsible for the HR strategy to look at:

- past objectives and targets set for each area of work, whether these have been achieved, and why (or why not)
- current HR data and recent trends in the number, composition, skills and experience of staff
- staff perceptions about aspects of their employment.

38. The UCEA guide (see paragraph 23) suggests issues for investigation, questions to address, and specific data and information to be gathered and evaluated in each of the six priority areas identified in Annex A.

The performance of the HR function

39. The HR function covers the activities of any central department, plus those of any devolved HR staff, and the HR activities of line managers. A review is likely to include the following:

a. Current policies, practices and procedures and their effectiveness; not just what has been done but what has been learnt from it. This should include evaluations of equal opportunities, recruitment and retention activity, appraisal schemes and other performance management processes. For example, many institutions are now replacing their staff development review processes, and it would be helpful to see a summary of what has been learnt from past experience and how this has affected the design of the new scheme.

b. The views of internal customers about HR work within the institution.

c. The capacity of the function, the number and skills of specialist staff, and the skills of line managers in relation to HR matters.

Baseline assessment

40. The first comprehensive stocktake across the broad range of HR issues constitutes a baseline assessment that can be used to measure future progress.

41. The assessment of strategies submitted in June 2001 shows that, while some strategies contain a good analysis of current HR practice and performance, in many others the analysis is limited. There may be several reasons for this, for example some institutions may have undertaken a more rigorous analysis than they presented. But, according to comments they made, many HEIs saw this process as a helpful prompt to begin establishing a baseline of what they were currently doing. Many institutions say they have a significant amount of additional review work to do, and have built this into the initial stages of their emerging HR strategies. This is particularly the case with audits of equal opportunities, recruitment and retention activity; reviews of skill needs for the institution; and reviews of appraisal schemes and other performance management processes.

42. In the future, we hope that more strategies will not only describe policies and procedures but also include evidence and comment on how well the policies are working, as a baseline for what is to be done next.

Capturing and using data

43. As we have indicated, more quantitative as well as qualitative assessments of current performance are needed. Many institutions recognise that this will be an important element in strengthening the HR infrastructure.

44. Examples of data which may be particularly useful include:

- breakdowns of staff by categories such as length of service, nature of contract, age, sex, ethnicity
- numbers and breakdown by area, type of employment, and length of time vacancies remain unfilled due to sickness, absence or turnover
- staff attitudes as captured by surveys
- training and development needs, arising from planned organisational or departmental changes and from individual performance reviews. Competency frameworks provide a way of collecting and quantifying such information against agreed dimensions.

The **University of Southampton** produces a booklet that provides information on nine main areas: staff in post, fixed term contracts, staff movements over the last five years, part-time staffing, labour stability, age profile, budgetary group comparisons, staff profiles by gender, and pay distribution. These are illustrated with tables, bar charts and graphs. The university is seeking to build on this by producing a staffing information profile for publication and distribution to faculties to assist in workforce planning.

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The **University of Northumbria** is investing in an integrated and comprehensive HR management system to support the implementation of the HR planning system. This will help in setting targets and priorities across a range of indicators, including equal opportunities (specific targets linked to under-representation of certain groups); recruitment and retention rates and how these might vary across the university; and sickness absence rates.

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45. Some of the data required can be generated from manual or electronic systems, while other information has to be specifically gathered by using questionnaires, focus groups and interviews. None of this is without financial and other implications. But there is always a danger in measuring what can be easily measured and in then giving this too much emphasis. Therefore strategic decisions have to be made about what performance indicators are to be used and how data are to be collected. These decisions might include:

- what data to gather (and at what cost)
- methods of gathering data, such as system-generated methods, surveys and manual returns
- what access managers can have to the data, for example, what has to come via HR and what is not to be accessible to those outside the HR department.

46. Each institution will decide these issues in accordance with its own philosophy or approach to management.

47. A degree of caution is needed over what measures are chosen and how they are used, but the point is for those in HR to gather evidence so that they can demonstrate their efficiency – and more importantly their effectiveness – through the impact of good HR management on the institution's performance.

48. The types of data discussed above will provide a good indication of how well the HR function is working and the areas that need attention. Further data on how efficient the HR function is would also be worthwhile, and would be easy to compare with other institutions and public and private sector benchmarks. This might include:

- the number of HR staff as a proportion of total staff
- the cost of HR staff and services
- compliance with HR systems such as performance review and team briefing, for example the proportion of staff that have an annual review meeting
- the cost of recruitment
- the time taken to fill vacancies
- reported user satisfaction with HR services.

Quantitative and qualitative information

49. In the section above we emphasise useful types of quantitative data because many institutions recognised that they needed to make progress in this area, and were intending to use the HR strategy and the funds associated with it to do so. This is not intended to undermine the importance of qualitative information and judgements about performance, which are vital parts of any strategic planning process. Institutions are encouraged to gather 'soft' data such as staff opinions and analyse them as part of thinking about what is working and what needs to change.

50. For example, in reviewing an individual performance management system it might be appropriate to gather hard data about what proportion of staff had reviews and how often, but also to collect some feedback on how managers and staff felt the process worked. An analysis of this and some judgement would then be the basis for planning changes to the system.

HR capacity

51. A review of current HR practice and performance should include an assessment of the capacity to undertake HR work, that is, the number and time of available staff and their expertise. A realistic assessment of the available HR capacity is an important consideration both at the stocktaking stage (when setting the boundaries for the scope and scale of the review) and in terms of what goes into the HR strategy itself. Most institutions will have a dedicated HR professional or an HR team. But in some small institutions HR tasks are sometimes undertaken by someone else – probably a senior manager – with or without any external help. Whatever the resources available, an assessment of the institution's capacity will help it to decide whether additional HR capacity needs to be developed or acquired before certain HR strategy objectives can be pursued.

52. Many institutions have either recently invested in the HR function or are planning to do so.

De Montfort University's strategy indicates that: 'The university's personnel function has been realigned to create an effective, integrated, organisation-driven HR function to ensure the effective provision, organisation and motivation of the human capital of the university, which works closely in conjunction with line management. The function operates in the role of an internal consultancy in three key roles: systems development, service provision, and process consulting.'

Contact: Gwen Wileman, e-mail gwileman@dmu.ac.uk

University of Northumbria has restructured 'to deliver a more proactive service, which clearly aligns with the overall strategic direction of the university, [and] a full review has been carried out. The new HR department has the aims of providing a strategic approach to HRM; strengthened operational delivery (by increasing the number of senior HR advisers); a dedicated team responsible for developing strategic university-wide initiatives; and the provision of a seamless, customer-focused service.'

Contact: Juliet Amos, e-mail juliet.amos@northumbria.ac.uk

53. Some smaller institutions are collaborating, to achieve economies of scale.

The Consortium of Arts and Design Institutions in Southern England (CADISE) has a personnel, development and training group which aims 'to develop our HR strategies, both individually and collectively, to achieve congruence with the uniqueness of our missions and gain the benefits of synergy. (Proposed areas of collaboration include job evaluation, HR management information systems, policy review, benchmarking and management development.)'

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54. More collaboration may be going on than was identified through the strategy assessment process. If not, it may be useful for institutions to explore whether there is scope for further collaboration, particularly in areas which require specialist expertise, where many institutions are proposing to buy in the skills they need.

Using HR strategies to achieve institutional goals

55. The review of external drivers and internal issues and performance should help clarify the key areas where HR needs to make a contribution to institutional goals.

Brunel University has considered the available data and decided that the 'response to the many challenges that flow from [external and internal change] means the university will embark on a further period of prolonged organisational change. A cultural transition, so that change is perceived as the norm rather than the exception, is essential if the organisation is to embrace change with enthusiasm, discretion and commitment. An awareness of the healthy tension attendant upon, but compatible with, serving both individual and corporate needs is essential. The HR department will devise ways to assist managers and staff in recognising the need for change, its symptoms, stages and processes. These will include both staff development and HR interventions.'

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56. The connections outlined in the above example help to emphasise that an HR strategy does not exist in isolation and is best developed as part of broader corporate planning processes. This will help to ensure that the HR strategy reinforces and supports the institution's other goals and objectives, for example, its learning and teaching strategy. Indeed, such strategy development processes are in practice iterative – so that corporate objectives can be assessed for achievability in HR terms and vice-versa. A strategy that meets the needs identified by Bett[2], the criteria laid down by the HEFCE and the UCEA guidance will ensure that human resources are developed in a way which contributes to the objectives of the organisation and assists in dealing strategically with problems. This requires more than simply re-stating the mission, strategy and values of the institution before setting out a generalised set of HR objectives. It needs careful analysis and thinking through of the links between the priorities in the institution's corporate plan and its HR priorities.

57. Good HR strategies, which underpin institutional goals and are seen as relevant by senior managers, will typically have three elements:

- **diagnostic** – a comprehensive and systematic evaluation of current practice and performance to identify both where improvement is required, and where policies and initiatives are working well
- **aspirational** – a vision of effective HR practices which produce specific outcomes that contribute to achieving the institution's strategy, underpinned by clear values and principles
- **developmental** – a plan for achieving progress and building greater capacity to bring about change in the future, bearing in mind that effective HRM depends as much on good quality line management as it does on skilful HR professionals.

58. This both prescribes the work that needs to be carried out as part of the strategy development process, and indicates what needs to be included in the strategy document. We have already looked at the diagnostic element, in 'Analysing current performance', paragraphs 34-42. Now we turn to the other two elements.

Aspirational elements

59. Most institutions have aspirations for the contribution the HR function can make to institutional goals. Most recognise that they need to do more work to move from aspirations to making strong links and identifying clear priorities.

Bournemouth University has a strategic plan for 2001-06 which aims to move the university from being primarily a teaching institution to one which also promotes research, new approaches to learning, wider participation, income generation and working with business. This is underpinned by the HR strategy, which among other things proposes:

- a reduction in teaching loads, through increasing staff numbers and the development of further education staff to undertake some teaching
- development activities to increase skills in research and scholarship.

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[2] The Bett Report, 'Independent review of higher education pay and conditions', 1999

60. An HR strategy process should derive an accurate picture of all aspects of future staffing needs (quantity, profile, skills and so on, including areas of expansion and contraction and covering all staff including part-time and franchise staff where applicable) and of HR policy priorities, which is firmly rooted in the corporate plan for the institution.

Aston University acknowledges that 'the achievement of the university's objectives is dependent on the university's ability to recruit, develop and retain high-calibre academic and support staff, and on ensuring that the overall profile and skills mix is appropriate to meet the current and future needs of the organisation. The essence of any HR strategy depends on:

- a systematic HR planning process...
- a strategy for recruiting, retaining and developing staff...
- a range of HR policies and procedures which provide a working environment in which staff are able to maximise their performance, commitment and contribution to the aims of the university and its constituent schools and support departments.'

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61. Several institutions emphasise the importance of strengthening research standing in particular fields. This raises questions about which centres of excellence will be built upon, what expertise needs to be developed (including supervision of research staff) and what energy and resources need to be devoted to attracting and retaining able young academics in these areas. (See paragraphs 108-125 below on 'Recruitment and retention').

Developmental elements

62. Many institutions see the importance of having a developmental element within the strategy. They recognise that, to improve the quality and relevance of HRM, consideration needs to be given to developing greater capacity – in managers and staff through skills development, and in infrastructure through investing in systems and embedding well-founded procedures. A vital part of the development and implementation of an HR strategy is putting these areas on the institution's agenda.

The HR strategy for **University College Northampton** (UCN) is a statement about how the institution wishes its employees to be led and managed. The college:

- 'believes people are crucial to its success and that UCN's approach to HRM should promote the effective resource planning, recruitment and retention of employees to meet the current and emerging needs of UCN
- believes that employee relations should be conducted in a manner which reflects the principles of public service as set out in the Nolan Report
- recognises that change will be an ever present feature of life at UCN and that change management should be conducted in a manner which demonstrates respect for all employees and their representatives.'

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Identifying strategic HR decisions, and agreeing priorities

Identifying and making strategic decisions

63. The external and internal analysis (including the capacity of the HR function), and the consideration of areas in which HR needs to contribute to institutional goals, together should provide a basis for deciding on HR priorities. Nevertheless, agreeing an HR strategy will involve some hard thinking and some difficult decisions. The strategy process needs to flush out the areas where these decisions have to be made, look at the options available, and help to build agreement about which choices are most appropriate.

64. For example, an HEI may wish to reduce staff turnover. It may also have information which shows that staff perceive an absence of effective management and insufficient development opportunities. This might suggest that a development programme for managers on undertaking staff reviews, and an increase in funding for staff training, would be a good idea. However there may be tensions to be grappled with. For instance, some managers might resent having to undertake reviews. Some staff who are highly valued for their research skills, but who also have responsibility for other staff, may not see management training as a priority. Or budget constraints might make it impossible to fund an increase in both staff development generally and a full programme of management development. Against this background, some decision makers could make a case for increasing the staff development budget within departments, while others might call for a corporate initiative in management development and culture change. What is important is that the issues are identified, that time is taken for the debate, and that decision makers are willing to support the final decision.

65. Processes do not remove the need for difficult decisions, but setting decisions within appropriate frameworks will help institutions to make better informed choices. Furthermore, effective formats for presentation will help them communicate these choices both within and outside the institution.

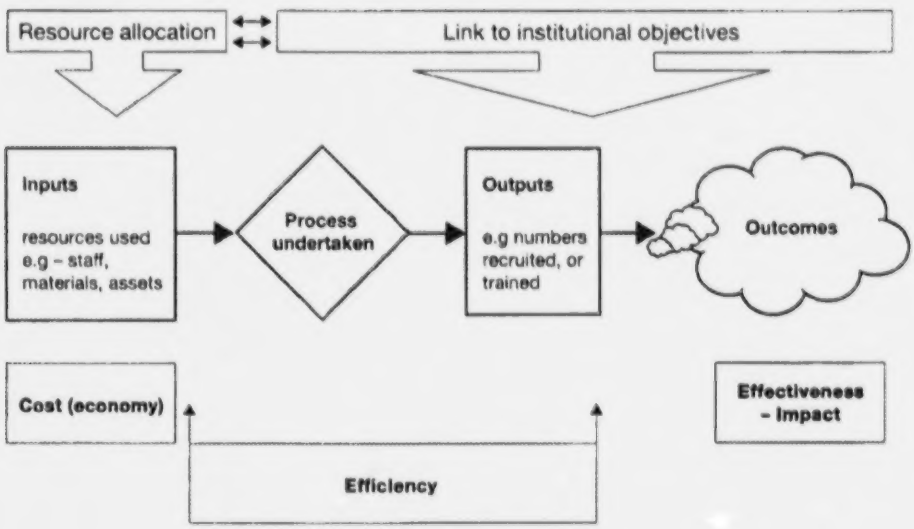
A framework for making decisions

66. Good HR strategies require:

- clarity about desired outcomes, linked to wider institutional goals
- prioritising of HR goals for the strategy period
- development of SMART targets (specific, measurable, agreed, realistic and time-limited) to which resources and expected implementation mechanisms are allocated.

67. A helpful way to make these connections between resources, HR activities and their impact on institutional goals is to use a systems approach such as that outlined in Figure 3.

Figure 3 **Systems model**



68. The model allows a useful categorisation of inputs, processes, outputs and outcomes. Given that sometimes in human resources the line connecting inputs and outcomes is a long one, the model highlights that HR strategies may need to include targets at all levels:

- input targets, such as appointing a new member of staff or purchasing new IT equipment for the HR function
- process targets, such as developing new policies or procedures or undertaking a review of practice
- output targets, such as producing a report, introducing a new payments or job evaluation scheme
- outcome targets, such as increasing the number of women in management positions, or the proportion of people in the workforce with disabilities.

69. Thinking in these terms will help institutions to see and make explicit what needs to be done to achieve institutional goals. By asking how an outcome is to be achieved they will be able to identify which HR outputs, processes and inputs are necessary. Similarly, by asking why inputs and processes are necessary, they should be able to connect to HR outputs and institutional goals or outcomes.

70. For example, many institutions over-emphasise process or input targets in the area of equal opportunities, setting priorities such as 'to recruit an equal opportunities officer'. If one turns this into output or outcome targets by asking the question 'why?', the answer might be 'to produce guidance and run training courses'. Asking 'why?' again, the answer might be: 'so that managers can have a better understanding of the value of diversity'. Continually asking 'why?' might eventually lead to an outcome like 'having a proportion of ethnic minority staff, employed in jobs that are resourced locally, which reflects their proportion in the local labour force'.

71. The challenge in agreeing priorities and setting targets for the HR strategy is therefore to ensure that there is an appropriate mix: outcomes and outputs which will help clarify the purpose of activities, supported by process and input targets which will help track progress and indicate why outputs/outcomes are or are not being achieved.

72. Examples of measurable targets in HEIs' strategies include:

- numbers of staff or posts concerned – the numbers of people trained, percentage of women in the workforce, percentage of workforce having had appraisals, percentage of fixed-term contract researchers, percentage turnover in certain posts, numbers of vacancies
- funding and costs – percentage of budget committed to staff development, cost per person recruited to the institution
- volumes of activity – range and number of training programmes or workshops, numbers of sabbaticals, number of places in nursery facilities
- impact measurement, such as for the effectiveness of recruitment advertising – numbers of candidates responding to advertisements, numbers of applications from ethnic minority candidates.

Developing performance measures

73. The model outlined above also highlights the need for measurable targets, so that the effectiveness of expenditure can be assessed. In other words, there should be evidence that where investment is made there is a tangible and expected impact. Implicit in this is that targets are measurable and are at the output or outcome level.

74. So, for example, new recruitment initiatives need to have clear expected outcomes: typically these will be more applicants and better quality appointments. However, because of the difficulties in measuring outcomes and the time lags involved, it will often be necessary to use input, process and output measures as intermediate indicators of progress. Taken together, these indicators should provide evidence of whether an initiative is succeeding. Where this evidence will be found and how it will be collected should be a key part of the initial option appraisal work, that is, the thinking and planning about whether the initiative should or should not be pursued at all.

75. Taking the example of staff recruitment, it may be that the strategy is to target different groups of potential recruits, using campaigns in different media, rather than spending more money. In this case possible measures and sources of data are shown in Table 1.

Table 1 **Staff recruitment: performance measures**

Target	Possible measures	Possible sources of data
Outcome	Improved quality of appointments	Periodic review and assessment of appointments by senior staff
Output	Increase in numbers of candidates suitable for shortlisting	Number of applicants for each post
		Number of applicants who are shortlisted
		Number of applicants who (in the view of the panel) meet all agreed essential criteria for the post
Process	Response rate (numbers requesting information and numbers of applicants) for each of new media used – compared to past performance	Count of requests/forms received (noting where people saw the advert)
	Numbers of responses from target audience	Count of responses
	Visibility of recruitment campaign to target audience(s)	Sample survey among target group(s)
	Impact of campaign on target audience	Sample survey – what target groups remember, liked, disliked
Input	Spend on recruitment	Budget reports

76. This example illustrates that the measures agreed reflect the thinking behind the strategy. The assumption here is that more, better quality appointments could be made if different groups were targeted. The measures used allow this assumption to be tested. By using a mix of measures it is possible to see whether the target audience has been reached, whether the campaign persuaded them to apply, and whether they were suitable for appointment, took the job and were successful. It is of course possible for this chain to break at any point, but with access to a range of measures the reasons should be clear. Learning and further action are then possible. Similarly there may be a time lag of up to two years from starting a recruitment campaign before it is possible to say whether it led to successful appointments. The output, process and input measures give earlier indicators of success or problems.

Layout and degree of detail

77. Good HR strategies tell a coherent story, which shows those inside and outside the institution what has happened, what is changing, what this means and what is to be done. Among the strategies assessed, those that told such a story best had clearly been well thought through, but they also communicated it in well-constructed prose, rather than bombarding the reader with endless lists. An over-reliance on lists allows the authors to avoid hard questions that a strategy needs to address. The discipline of arguing a case in prose encourages good practice.

78. Good HR strategies therefore set a clear vision and a coherent overall direction, but they cannot sensibly set out all the individual actions that need to be taken. These details will be given in individual project plans, or in more detailed annual plans for the teams concerned. The strategy process should, however, generate enough information and analysis to create confidence that the targets can be achieved in the timescales.

79. The structure and layout of the strategy document can and should demonstrate the connections between activities and their intended impact. A matrix or grid format may be helpful.

The **University of North London** has mapped its HR strategy as a grid, as shown in this brief extract.

Recruitment and retention

Target	Outcome	Lead team	Year		
			1	2	3
Make application forms and associated information available electronically and in other appropriate formats	Web-based application forms available, including acceptance of e-mail applications, which increases access to equality of opportunity	HR and ISS			✓

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80. A clear layout will also help to demonstrate how the institution is meeting the HEFCE requirements. This point is illustrated further in the next section.

Resource allocation and transparent expenditure

81. For any institution, however effective and well-developed in HR terms, there will always be more that could be done. HR professionals and other senior managers will be keen to achieve as much as possible, in as short a time as possible. But an unrealistic strategy, or one without clear priorities, will fail to maximise the impact for the institution and will waste public money.

82. Resource implications need to be carefully assessed, based on robust estimates of the costs of different activities. This process should take account of:

- scale and risk. Effort should be put into estimating the costs of larger projects and those which, for any reason, carry more uncertainties. Costs of small projects do not need to be accurate to the last few pounds
- what the money will be spent on, when, and the implications for future resource planning. For example, does investment in databases need to be supported by resources for maintenance and development? How long will particular training or development initiatives run for? Will salary supplements generate recurring expenditure commitments?

83. In choosing priorities it is also important to create coherence so that different activities reinforce each other. The whole strategy will have greater impact than the sum

of its parts if clear links are made between the different elements (for example between management development and organisational development), and if a range of 'change levers' are used to achieve HR goals.

84. In any HR strategy, it should be clear what resources are available and how they are allocated to different elements of the strategy. Most of these resources will already be within budget plans, but may be reallocated in the light of changing priorities. The need to respond to changing situations is explicitly recognised by several institutions. In respect of our special funding initiative, we expect HR strategies to include clear information on the expenditure associated with particular programmes of action, demonstrating that HEFCE funding supports additional activity that would not otherwise have been pursued. The implication is that institutions need to show what part of their long-term strategy for HR development is being met from the special allocation for 2001-04, and what is being funded from other sources.

The **University of Bristol** has adopted the following grid, which clearly links activities to expenditure.

Action	By whom	Outcomes	Timescale	Cost
Fitness for work: improve occupational health service to university	Head of Safety Services/ Occupational Physician	To improve the monitoring and support of health among employees of the university	Year 1 – review occupational health provision and transfer to Student Health Service	Year 1 = £17k
		To reduce absence by enabling staff to return to work at an appropriate time	Year 2 – implement improved training and in-house services	Year 2 = £30k
			Year 3 – ongoing	Year 3 = £30k

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The Queen's University of Belfast has included a summary of the full costs of the HR strategy which, in some cases, will be fully or partly met from university resources other than the additional resources made available under this initiative. Also included is a table showing how the additional funding will support the objectives within the HR strategy. The planned expenditure is profiled by individual year.

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Manchester Metropolitan University has costed its strategy comprehensively. The breakdown includes the individual action/target and the nature of the cost (staff time, external advice, new software and so on) by each of the three years the strategy covers.

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85. Being clear about resource allocation, the activities to be undertaken, and the outputs and outcomes and measures for each of them, provides a sound basis for implementation and for monitoring, review and evaluation (see below). In requiring institutions to have systems for these areas we recognise that strategic direction and decisions need to be kept under review, and may need to change in the light of experience or changed circumstances. Clearly, plans for year three of a strategy are more tentative than for year one. Minor changes to spending plans can be undertaken at the institution's discretion, but if any significant changes are necessary then HEIs should consult us, through their HEFCE regional consultant, before reallocating resources.

Monitoring, evaluation and review

Monitoring

86. Monitoring is about assessing progress of the strategy as a whole or elements of it.

87. Many elements of an HR strategy (such as the implementation of new IT systems) will need formal project management, with strict allocation of project roles, sub-projects, milestones and so on. There are many established project management methodologies for different types of project.

88. Achievements in other elements might be assessed by collecting information to show progress (since the baseline assessment) against the measurable input, process or output targets included in the strategy. For example, progress with implementing a performance management system could be assessed by the numbers of managers completing training (process target) and the numbers of appraisal interviews completed to timescale.

Evaluation

89. Evaluation is about assessing impact: have the desired outcomes been achieved? (In the example above, the key question is whether overall performance has improved.) It is generally undertaken at the end of a project, or at key milestones. This is usually known as 'summative' evaluation. The purpose is to assess whether the activities undertaken are having the desired effect – what works and what does not – and to feed this information back into planning for the future.

90. Issues of cause and effect dog evaluation. In complex environments, it can be difficult to demonstrate direct and incontrovertible links between what was done and the final outcome. For example, the external economic climate will have an impact on the market for support staff, and this could reinforce or reduce the impact of an institution's efforts to improve recruitment and retention in the short term. Carefully designed evaluation processes can, however, give good indications of the success or otherwise of initiatives.

91. In addition, 'formative' evaluation – which takes place during the life of a project – can be used to learn about processes as they are being implemented, and to improve the design of later stages of the project. For example, a formative evaluation of new recruitment processes (which might focus on the experiences of all parties concerned) could be used to improve the design of training packages and revised procedures.

Review

92. As indicated above, the purpose of monitoring and evaluation is to feed into reviews of progress. Good strategies have some emergent aspect to them and are revised in the light of experience.

The **University of Bristol** set out its evolving HR strategy, recognising that 'three years is a long time in a large complex organisation'. It is very clear about the Bristol context and the national context. A comprehensive analysis of the current situation considers available data, the issues facing the university and how these are tackled through the action plan.

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93. Periodic reviews provide an opportunity to make necessary modifications, within the overall aim of sustaining progress towards the desired outcomes.

Anglia Polytechnic University will set targets derived from the strategy during the annual strategic review planning round. These will be incorporated into the action plans of individual schools and into the university's operating statement. All targets in the operating statement have 'achievement criteria specified, with responsibility for monitoring their achievement assigned to a particular senior manager. A member of the university executive evaluates this whole process.'

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At the **University of Southampton**, the Director of Human Resources will be the project director for the strategy implementation, and will be supported by one of the three deputy vice-chancellors as project sponsor. The strategy makes clear that the 'Personnel Policy Committee has been given the internal role of monitoring progress against the plan and evaluating whether it is realising the sought outcomes'. The Planning Department will also complete an annual monitoring statement against the strategy.

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94. Some institutions are carrying out reviews as part of their Investors in People accreditation. This provides a way of reviewing wider performance management processes and establishing closer links between wider corporate goals and faculty, department and team goals, as well as identifying specific development needs.

Building wider understanding and commitment to implementation

Consultation and involvement

95. A good strategy is more than a well-evidenced and carefully argued document. To be effective it needs to be shared and understood by those who are affected by it or who have a role in its implementation. This will be assisted if the strategy is developed through inclusive processes (in addition to formal consultation with employee representatives, professional bodies and staff associations), and if there is clear communication of its rationale, implementation mechanisms, and intended goals. While the institution has a responsibility to consult its staff, employees also have a responsibility to make their contribution. This will be assisted if there are appropriate processes which facilitate input. These may range from electronic methods such as bulletin boards, to focus groups and existing occasions when staff meet and exchange views.

96. The processes outlined in this guide are an important part of creating an atmosphere within which a wider debate can be undertaken. There is no single answer to the question of when to involve a wider cross-section of university or college staff in the development of the HR strategy. But, given its potential impact on staff, there is a good case for doing so quite early in the process when important issues, implications and choices are starting to be identified. In consulting more widely than the senior team, it is important to be clear about what is open to debate. Typically this is at one of three levels – the decisions about what will happen, how, and when.

In developing its strategy, **Birkbeck College** ran a series of workshops with senior staff from all central administrative departments to determine their successes and identify areas where improvements could be made, at both departmental and college level. Following these workshops, the senior management team met and had a similar discussion. This is part of an ongoing process of continuous improvement.

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The Queen's University of Belfast has included a section in its strategy on trades union consultation showing that 'the university has enjoyed effective working relationships with all its employee representatives and representative bodies'. The university has formal and informal consultation mechanisms including strategic consultative meetings between the vice-chancellor, his senior management team and the Association of University Teachers twice a year; a formal Joint Consultative Committee which meets twice a year; and a Joint Consultative and Negotiating Committee which considers matters of policy development, including the HR strategy.

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Change strategies

97. Some institutions devote attention in their strategies to the need to manage behavioural and cultural changes. Many are acutely aware that some changes – such as improving staff competencies in IT-based learning, or developing managers' leadership, performance management and staff management skills – will require shifts in attitudes. They recognise that communication with staff, and involving them in implementation, are essential elements of managing the changes effectively. Workshops and conferences to brainstorm ideas about wider cultural change within the institution were part of the work that prepared the way for developing the strategy.

98. Some institutions chose to use the Investors in People initiative as a vehicle for getting managers and staff involved in the review of existing HR practice and the development of priorities, particularly in relation to development needs. This was a way of demonstrating to everyone the institution's commitment to developing people as a key strand of HR work.

99. In addition, the priority given to management development in many institutions reflects the key role for managers both in implementing HR policies and procedures, and in building understanding and engagement, thus creating the wider climate for achievement of HR goals. Line managers within the institution are essential to

performance management: setting objectives, monitoring performance, appraising staff, identifying and addressing training and development needs, responding to both good and poor performance. They provide leadership and motivation, encouragement and support to individuals and teams. They also have a key role to play in other HR processes such as recruitment, training and development, workforce planning, and communication, as well as handling a range of employee relations and employment issues.

100. The approaches summarised above indicate some of the change strategies available to organisations. In outline these can be clustered under three main headings:

- individual-based approaches, such as
  - providing information, training, coaching or counselling for individuals
  - seeking to recruit different individuals
  - using retirement, or possibly redundancy, to achieve institutional change
- group or team-based approaches, such as
  - providing training for staff in their work groups or management teams
  - providing opportunities for teams to explore direction, roles and relationships
- organisation-based approaches, such as
  - changing strategy, structures, job roles, systems for performance management or rewards
  - changing policies and procedures
  - seeking to bring about behavioural change through such methods as renegotiating role expectations or agreeing and using personal competencies which reflect the desired culture.

Any changes to roles, contracts or conditions of service should be agreed with the employee (through negotiations with their trades union). The Joint Negotiating Committee For Higher Education Staff will shortly be concluding national agreements on methods of role analysis which will be recommended for the HE sector.

Ensuring implementation

101. Implementation will be easier if the strategy development process has been sound. As outlined above, there needs to be:

- an adequate level of involvement, particularly of those who will have to deliver the strategy
- feedback on present performance, to guide the development of future activities, which in turn will be monitored and amended as necessary.

102. Other key elements which will support effective implementation are:

- focus on what is achievable rather than wish lists of 'what we would like to happen'
- allocation of responsibilities for the actions. This may sound obvious, but many HR strategies have been undone because no one individual could be held to account for delivering part of the strategy, or no account was taken of existing workloads, so that those charged with responsibility did not have sufficient time to deliver.

103. The ultimate test of the value of the strategy is what is done with it: whether it focuses attention and leads to concrete actions based on the priorities it contains, or whether it remains a set of aspirations that are never really acted upon. Strategic thinking and the HR strategy document itself should not be ends in themselves, but should lead to tangible improvements in human resource practice, and support the achievement of wider organisational goals. It is vital to avoid all the effort going into developing the strategy with insufficient energy and resources devoted to implementing it.

104. Part of this is about ownership and accountability. The importance of an explicit link to institutional governance cannot be overlooked. While an individual may have responsibility for overall implementation, responsibility for monitoring – and, where necessary, modifying the activities and outputs of the HR strategy – must ultimately rest with senior managers. Unless there is this senior level support and commitment, the likelihood is that follow-up actions will slip lower down people's agendas.

At **Harper Adams University College**, 'overall responsibility for the delivery of objectives set out in the strategy rests with the Director of Corporate Affairs (DCA). Line managers will be expected to deliver elements of the project plan in the areas of the college for which they are responsible. The DCA will report regularly to meetings of the Board of Governors' Staffing Committee on progress in implementing the project plans. The Staff Consultative Group, which consists of representatives of all major staffing groups in the college, will be the primary route for consultation, on issues arising from the project plan.'

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105. Particularly for larger institutions, it should be clear who is taking lead responsibility for different elements of the strategy. These individuals will be accountable for progress and impact, and will be responsible for providing information, based on their monitoring and evaluation activities, to feed into periodic reports.

Part 2 **Addressing priority areas**

106. This part of the guide applies the themes and approaches discussed in Part 1 to the six priority areas we have identified (see Annex A):

- recruitment and retention
- staff training and development – including management development
- equal opportunities – including job evaluation
- regular reviews of staffing needs
- annual performance reviews for all staff
- action to tackle poor performance.

107. The UCEA guide provides detailed advice on actions to be taken in each area, and in some cases cross-refers to additional guidance. Here we concentrate on the problems generally facing institutions, as shown by their strategies and the actions being taken to address them. Specific examples of, and general observations on, good practice are given.

Recruitment and retention

108. The purpose of good recruitment and retention policies and practices is to ensure that, as far as possible, the institution's workforce has the composition and range of skills needed to support the achievement of its mission. A strategy that is strong in recruitment and retention will include an analysis of the problem faced by the institution and actions that grew out of this analysis.

Data collection and analysis

109. A good strategy will consider quantitative data and qualitative evidence about the following areas:

a. An evaluation of the current position which identifies:

- where there are problems (information which is as specific as possible about types of vacancies and hard-to-fill posts)
- which gaps are most critical in terms of the institution's ability to fulfil its strategy and mission (including its equal opportunities objectives)
- the effectiveness of existing approaches to recruitment and retention including, for example, an analysis of different advertising and other recruitment activities and the results of attitude surveys and exit interviews.

b. How the range of pay, benefits and working conditions on offer (such as flexible hours) compares with those of market competitors for specific groups of staff.

c. In geographical areas where housing costs are deemed to be a factor contributing to recruitment difficulties, the impact of assistance with relocation.

110. Many institutions now recognise that better data collection and analysis are needed to enable them to move beyond a general statement of the problem – 'we have difficulty recruiting staff' or 'we have unfilled vacancies' – to understanding the causes of the problem and taking decisions on how to tackle them. The need for progress was seen

in the strategies presented in 2001; almost half needed to do a lot more work on three interconnected areas:

- measurable targets and actions
- external labour market and internal human resource information
- analysis to support the proposed objectives.

111. Several institutions have made a start by identifying what data they wish to gather and putting in place mechanisms to improve their understanding of the recruitment and retention problems.

The **University of York** has analysed current recruitment issues under separate headings: all staff; academic staff; administrative, library, computing and other related staff; manual staff; research staff; secretarial and clerical staff; and technical staff. The HR strategy targets activities and resources towards these groupings where issues are identified.

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The **University of Hertfordshire** has put in place a number of initiatives to determine why staff leave, and to address their concerns. For the past two years it has carried out exit interviews in areas with a high turnover. Linked to this, the university has introduced a number of family-friendly policies, including extended opportunities for job sharing, part-time and term-time working, and an all-year nursery at one campus and a term-time nursery at another. Disturbance allowance is also offered to staff who are required to change their principal base of work and, as a consequence, incur additional home-to-work travel costs.

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Typical recruitment and retention problems

112. The assessment of individual institutions' HR strategies reveals that most are facing recruitment and retention difficulties. However, two recent studies of recruitment and retention in higher education revealed that, in general, these difficulties were strongly associated with specific areas of staffing.[3] These include senior academic posts in disciplines such as engineering, computer sciences, certain clinical and medical disciplines, economics and education. In these cases, difficulties arise because HEIs have to compete with other sectors for suitably qualified people. For other institutions, especially in the South-East and South-West, finding suitably qualified people to fill support posts at both professional and managerial grades, as well as manual jobs, is similarly problematic. Across the sector it has been difficult to recruit and retain IT specialists.

Dealing with recruitment and retention problems

113. Some of the approaches adopted by HEIs are aimed specifically at recruitment, for example relocation allowances; others at retention, for example improving staff

[3] 'Recruitment and retention in employment in UK higher education' commissioned by CVCP, HEFCE, SHEFC, HEFCW, DHFETE, SCOP and UCEA, 2000

relations; while others, such as market supplements, should affect both. The types of actions that are being proposed to tackle recruitment and retention issues include:

a. Improving the recruitment process.

b. Review of pay and rewards, which might include:

- an external local salary review
- an analysis of 'recruitment hotspots' set within the context of the job, skills and housing markets
- market supplements, providing financial and other help with relocation, review of salary scales, increasing junior lecturers' salaries, and a series of non-monetary 'rewards' such as study leave, or specialised support to release research professors from teaching.

c. Identifying and tackling staff relations issues:

- using such mechanisms as job evaluation, role analysis and performance review schemes to create a 'fairer working environment' and to help staff understand where their contribution fits into the larger picture
- investigating possible career routes and the interaction between length of service and possible progression.

d. Improving the information base.

114. The mechanisms outlined above, along with such processes as exit interviews and feedback from applicants, will provide important information about staff attitudes and issues. This improved understanding will enable the institution to fashion policies that will achieve its recruitment and retention goals.

115. Training and development is a central part of many recruitment and retention strategies because it both meets a staff concern and therefore aids retention, and helps institutions to address recruitment problems. Developing existing staff so that they have the skills to apply for more demanding jobs is a way of creating a culture of development and of bringing internal people into the recruitment pool for posts which are difficult to fill. Many institutions are of course using a range of these approaches.

UMIST completed a review of academic staff 'which included explicit consideration of the following proposals:

- start-up packages for new academic staff
- bonus payments for all categories of staff
- revised promotion/career review procedures
- fast-track promotion procedures for academic staff
- increased relocation expenses package for new staff
- annual review procedures for all categories of staff.

Data on comparative rates of pay are readily available from a number of sources. There is a need to gather more information on the reasons why staff leave, and to investigate potential strategies to improve application and retention rates, in line with planning needs.'

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116. Some of the areas outlined above – training and development, job evaluation and performance management – are covered in their own right later in this guide. Some additional information on the others is given below.

Recruitment processes

117. Improving the efficiency and effectiveness of the recruitment process was identified by many institutions as a key priority for improving HRM. Some are setting targets linked to reducing the time for which posts were vacant, and shortening the time it takes from advertisement to people taking up positions. Others are planning to pursue initiatives to increase the number of suitably qualified applicants through better targeting of recruitment advertising. Many institutions are now relying more on the internet to find staff, through sites such as www.jobs.ac.uk and (for research staff) www.cvs.ac.uk.

Pay and rewards

118. Many institutions perceive a need to improve pay and rewards for staff in areas where difficulties of recruitment and retention exist. Many institutions' strategies aim to provide market supplements to key staff of up to 20 per cent of pay. A small number of institutions are experimenting with supplements in areas such as computer sciences. However, targeting these supplements successfully is a challenge that faces all institutions, which may be why relatively few referred to current supplements (as opposed to a wish to investigate them). Another factor might be a lack of external market data, making it difficult to judge how much extra to offer. Such initiatives need to be clearly targeted to specific groups of staff.

119. Some institutions want to encourage greater flexibility in recruitment by devolving authority to faculties or departments to decide whether to offer pay supplements to prospective candidates. Several institutions have schemes whereby a proportion of the total staff budget (up to 0.5 per cent) is available for such initiatives.

Anglia Polytechnic University has implemented performance-related bonus payments. For example, in the Enterprise and Innovation Unit staff share an annual bonus based on the unit's performance over the preceding year. It is intended that this scheme will be gradually extended to cover senior managers and staff in units dedicated primarily to income generation.

On the basis of this evaluation, the strategy can then:

- demonstrate that the objectives for recruitment and retention fit with institutional goals
- identify actions, which will lead to appropriate changes.

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The **University of Bristol** undertakes an annual merit review which 'enables heads of departments to make recommendations through deans and the Registrar for the award of cash sums, additional increments, or moves to the discretionary range, where appropriate, for members of staff who have demonstrated exceptional performance over the previous year.' Some 0.3 per cent of the pay bill is available each year for the process.

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120. Other encouragement to support the recruitment process includes plans to extend and develop relocation allowances, especially in parts of the country where housing costs and the general costs of living are high.

Staff retention

121. Another strand of institutions' strategies is aimed at tackling staff retention. As part of the Research Careers Initiative (set up by the HE sector and principal funders of research in the UK), a number of institutions are seeking to reduce the proportion of research staff on fixed-term contracts by providing more longer-term employment options or removing waiver clauses on redundancy arrangements. For teaching staff, some institutions are aiming to establish senior lectureships more widely as a career grade, and to increase the proportion of senior level appointments to support career progression and encourage staff retention.

122. However, it is evident that many HEIs are as much concerned about the low level of staff turnover in some areas as they are by recruitment and retention difficulties in others. Some observed that many members of their workforce have been in post for a long time, and that they would welcome some fresh perspectives. The ageing profile of academic staff nationally has been noted, and this may provide another HR challenge for institutions: how to ensure there is sufficient turnover so that younger staff feel they have reasonable career prospects while still respecting the contribution of older members.

123. The strategies offer far more examples of ways to encourage younger staff than ways to revitalise or enable the retirement of older staff who may have become rather 'stuck'. This is probably because devising approaches in this area is relatively difficult, as each situation involves particular people with their own needs and interests. The most productive strategies are usually those which recognise this, and provide both a means for the staff concerned to have 'safe' discussions about their wants and expectations (probably outside the line management structure), and a framework within which managers can discuss the outcomes in the context of the institution's needs.

Information base

124. As indicated earlier, the collection of information is central to good decision-making and all institutions are striving to improve the information base. It is important, therefore, to continue to monitor recruitment and retention practice, as well as gathering external intelligence about labour markets and practice in other organisations.

125. The resources that institutions have to do this vary widely. For some, developing more detailed databases about employment and recruitment is a priority, and for some their first steps towards improving this situation are planned during the next 12 months. A number of institutions are also planning to extend exit interview procedures to improve information about why staff leave. Many wanted to see monitoring and evaluation of recruitment and retention as a more established management and governance practice within the institution.

Staff development and training

126. Staff development and training are intended to enhance the institution's skill and knowledge base so that it can better meet its objectives at organisational, group and individual levels. Good practice would ensure that:

- appropriate methods are planned to identify and meet development needs at each level
- all staff are fully included (including part-time and franchise staff in relevant institutions)
- appropriate evaluation is undertaken.

Current practice

127. Institutions' plans for staff development and training indicate a strong desire to see substantial investment in this area. Overall this is the second main area of projected special funding expenditure, after recruitment and retention. On average about one-quarter to one-third of indicative allocations are committed to staff development and training work. Many see this as an opportunity to strengthen their commitment to staff development, and in some cases this is also expressed in financial terms (up to 5 per cent of the staffing budget).

128. While some institutions have quantified their activities, most strategies suffer from a lack of clear output and outcome targets and are also weak on evaluating training and development activities. One-quarter of the strategies pay insufficient attention to the needs of people who are not academic staff, and about one-fifth are unclear how staff needs were to be identified and development priorities negotiated.

129. It is common for institutions to identify an area of need – say middle management development – but not to scope it (what the priorities are, how many managers, over what time period, and so on). This analysis is important because needs will normally exceed the ability to provide, so having a clear sense of priorities and the likely impact of any particular development activity will enable resources to be targeted.

Identifying needs

130. It is possible to identify development needs from the perspective of the organisation, groups within it or individuals. Some of these needs will coincide but some may not, so processes are needed to negotiate and reconcile different demands. Some institutions proposed activities on the basis of identified organisational needs.

The **University of Durham** is developing a programme tailored to needs raised by departments and university management. 'Professional development for departmental heads' has been drawn up in conjunction with the executive arm of the Business School.

Contact: Jack Boyd, e-mail jack.boyd@durham.ac.uk

An Organisation and Staff Development Unit has been established at the **University of Sunderland** 'with a view to moving forward in a coherent way by linking staff and organisational development to the university's mission, values and business objectives. To date, the unit has concentrated on key activities. These include the development of a new management standards framework, a consultation to identify employee values, the piloting of the European Foundation for Quality Management (EFQM) Excellence Model in two major business support areas, and the development of an employee survey in relation to development needs.'

More information about the EFQM model can be found at www.efqm.org
Contact: David Williams, e-mail david.williams@sunderland.ac.uk

131. However, many institutions explain their systems for identifying needs in terms of what individuals would want (often drawing on the output from performance review schemes). Only a few explain how this would be filtered through the needs of the institution to arrive at priorities which the institution would fund.

Identified priorities

132. A number of institutions link the objectives for staff development and training in their HR strategies to the wider priorities in their learning and teaching strategies. Encouraging the discipline of continuing professional development is manifest in institutions wanting to extend Institute for Learning and Teaching membership, sometimes setting targets for this over the next three years.

The **University of East London** 'will provide for all staff, at all grades, opportunities for continuing professional development to enable them to enhance the quality of their performance in their present job and advance their career aspirations. The university shall work towards an accreditation framework for all learning at work.'

Contact: Alison McGrand, e-mail a.mcgrand@uel.ac.uk

The **University of Hertfordshire** has a Learning and Teaching Development Centre, which is responsible for learning and teaching staff development and enhancement, including managing the Professional Development Programme. The centre is staffed by four learning development tutors (one full-time employee in total). They are also supporting the implementation of the new managed learning environment, which will provide, via a web-based student portal, a virtual learning space for each student. Features will include e-mail facilities, discussion groups, and bulletin boards as well as interfacing with all appropriate university systems.

Contact: Patricia Lott, e-mail p.j.lott@herts.ac.uk

133. Other institutions are encouraging new teaching staff to acquire a certificate of teaching proficiency as part of their probationary period, such as the Certificate in Learning and Teaching in HE (CLTHE) or Professional Accreditation of Teaching in HE (PATHE).

The **University of Warwick** requires all probationary academic staff to complete the Warwick Teaching Certificate during their period of probation. This is expected to provide eligibility for membership of the Institute for Learning and Teaching, and the university will meet initial membership fees. A new post has been established in the Centre for Academic Practice to provide leadership for the course.

Contact: Angela Pocock, e-mail a.j.pocock@warwick.ac.uk

134. Appropriate staff development and training for research staff is being pursued by a number of institutions as part of their commitments under the concordat of the Research Careers Initiative. Other institutions plan to strengthen research capability by helping academic staff to increase their research activity or, in some cases, to target it more commercially.

135. Many institutions are also aiming to develop the IT skills and capabilities of staff, both for learning and teaching and for administrative and other roles. Some institutions have plans to put more resources into such skills development, through formalised training or on-line learning packages.

136. Another major aspect of institutions' plans in staff development and training is management development. There is widespread recognition of the need to strengthen the skills of leadership, staff management and performance management at all levels in institutions. Many are planning structured management development programmes over the next three years.

The **University of Brighton** has plans to develop 'a pilot programme in leadership for senior staff across the university, and also a programme for middle managers, to support succession planning and build leadership and management capacity in order to raise standards and enhance performance against key operating targets and existing strategies for teaching and learning, research, and business development.'

Contact: Jo Dowson, e-mail j.dowson@brighton.ac.uk

For **Middlesex University**, 'management development is currently a high priority and sustained action is needed to ensure that managers are equipped to manage effectively and have the necessary skills to manage the change facing the sector. It is essential that senior managers take personal ownership of their development and career planning. It is (also) essential to define a management skill and competence profile for the university and then devise programmes which develop managers to meet that profile.'

Contact: Ian Cheetham, e-mail i.cheetham@mdx.ac.uk

137. Within the broad category of management development, a great number of institutions are providing, or proposing, skill programmes in relation to aspects of human resource practice itself, such as:

- staff management – most notably using the institution's appraisal scheme
- recruitment and selection
- equal opportunities
- using HR policies, such as disciplinary procedures.

138. Some HEIs are making some training obligatory, especially for those involved in recruitment. Others have put in place development activities as part of succession planning, for example identifying heads of department a year in advance of appointment and requiring them to undertake a development programme before taking up the post.

Bath Spa University College has concluded that 'another recurring theme is the need for management training. For some, this would involve specific training around time management, recruitment and selection, and budgeting. For others, management training would need to be focused clearly at the role of the manager, motivation and leadership skills, team building and dealing with conflict.'

Contact: Karen Gill, e-mail k.gill@bathspa.ac.uk

Evaluation

139. Attending a course or management development programme is in itself of little value: what makes a difference is how the learning is applied day to day in the workplace. To make sure that any training and development is as effective as it can be, it is therefore important to monitor its reception and impact routinely and make adjustments where necessary.

140. The information collected will typically range from immediate participant feedback (was it useful, interesting? did it cover the right ground?); through application, judged after a few weeks or months (are you now able to perform better in the area covered by the training?); to assessment of impact (for example, is our research output increasing as a consequence of the effort we have put into research training?).

Equal opportunities

141. Good equal opportunities practice must be a facet of all aspects of human resource management. For example, throughout the sections above, it will be important to check that any current or new initiatives would not exclude or have a differential effect on different groups of staff. There is a range of good practice guidance available from the Equal Opportunities Commission, the Commission for Racial Equality, and the Equality Challenge Unit (ECU). Help and advice is available from the ECU via its Advisory Service, contact info@eu.ac.uk, or telephone 020 7520 7060.

142. The main focus of equal opportunities policy and practice is the composition of the workforce and the equitable treatment of staff. Effective practice here includes:

- collection of baseline data and monitoring of progress
- auditing current position and practices
- agreeing qualitative and quantitative targets, and planning underpinning actions to tackle the problems identified by the baseline evidence. For example, if under-representation of particular groups arises from existing recruitment and selection procedures, then setting targets for more appointments and redesigning these procedures will be more effective than awareness-raising campaigns
- harmonising rewards systems and ensuring equal pay for equal work (using job evaluation)
- ensuring that equal opportunities needs are reflected in recruitment, promotion, and career development processes
- provision of training and development on equal opportunities.

Current practice

143. Set against these criteria, at this stage, equal opportunities is not a well handled element of institutions' HR strategies. This is particularly linked to the need for good baseline data. Some institutions have established processes for capturing data and others are now committed to doing so.

Since 1998, the **Queen's University of Belfast** has had a dedicated Equal Opportunities Unit within the HR department, staffed by two administrators and two clerical officers. The unit is responsible for the co-ordination and monitoring of the university's equal opportunities policy. The unit has produced a series of monitoring reports detailing, by grade and department, the composition of the university's workforce. Additional monitoring information is routinely gathered with respect to training and promotion and the outcome of job evaluation exercises, and the HR Committee and university Senate receive reports.

Contact: Sean McGuickin, e-mail a.m.Hamilton@qub.ac.uk

For five years, **Birkbeck College** has recorded 'the gender and ethnicity of staff and job applicants on a confidential database. Each year a comprehensive report on Birkbeck's progress in promoting equal opportunities is considered by the Staffing Committee and the governing body. The report includes detailed data on levels of representation at Birkbeck, compared to the London region and nationally.'

Contact: Ros Brayfield, e-mail r.brayfield@bbk.ac.uk

In line with its commitment to equality of opportunity, **City University** 'commissioned a staff equal opportunity/diversity audit in 2001... Interim feedback has indicated a number of areas where action will be recommended... We wish, in particular, to develop robust monitoring information which will enable us to establish appropriate and achievable targets in relation to gender, ethnicity and disability.'

Contact: Daphne Bates, e-mail d.a.bates@city.ac.uk

144. Many HEIs need to put time and money into rigorous data gathering and analysis, which leads to clear assessment of priority areas for further work and establishes the outcomes the institutions wish to achieve through their equal opportunities activities. Among these it is reasonable to expect some quantitative targets for future workforce composition which are aspirational but realistic, based on an understanding of the labour markets for different posts and the performance of benchmark organisations. Qualitative targets, which refer to an organisational culture of 'inclusivity' and the value of diversity, may also be appropriate. Progress here can be monitored through staff surveys or other staff consultation processes.

145. Several institutions put equal opportunities in a wider context of diversity and appreciate the link between sound equal opportunities practices and the recruitment and retention of good quality staff; but some take a much narrower view. In some cases activities are restricted to tackling gender imbalances, with relatively little coverage of race or disability issues. Others address only disability discrimination. Some strategies adopt a legalistic or compliance-based approach, with the emphasis on avoiding legal challenge rather than on seeking to promote or actively gain from increased diversity. This stance is some distance from, for example, the Commission for Racial Equality's concept of 'an employer for choice' for black and ethnic minority staff.

146. With some excellent exceptions, most institutions appear to hold a limited and outdated view even of their legal obligations. Without good quality workforce data and demonstrably objective recruitment and selection procedures, HEIs may be at risk in employment tribunals. Some strategies referred to the Race Relations (Amendment) Act, but did not always seem to appreciate the implications of institutions' 'duty to promote racial equality and good race relations', or the requirement for 'clear actions that result in positive outcomes'. Nor is there much evidence in the strategies that HEIs are anticipating forthcoming European directives, which will address over the next few years, among other things, age, sexual orientation and religion.

147. In institutions where equality issues have not had a high profile to date, this initiative provides an opportunity for those responsible for HR in general and equal opportunities in particular to put them on their institution's agenda. It is important to highlight the benefits in organisational terms as well as the legal and moral imperatives behind them. As others have seen, these benefits are widespread, particularly given the difficulties of recruitment and the diverse nature of the student body.

Identified priorities

148. Several institutions are considering appointing staff to undertake monitoring and provide training, advice and support, which is useful but not an end in itself. More institutions need to move beyond setting only this type of input target, and to identify the outputs and outcomes they hope will flow from having this extra resource.

149. Awareness raising and training, particularly for selection, are also popular approaches to addressing equal opportunities. This is very likely to be useful and relevant activity. However, in too many cases the emphasis is on providing the training, rather than on assessing whether it had made a difference. (This point is also raised under 'Staff development and training' in paragraphs 126-140 above).

150. On the other hand, a number of HEIs are clear that they do understand the current situation and the gap between this and their aspirations. They are putting in place a range of initiatives (some of which are listed below) which provide support to under-represented groups within their workforce, to enable them to play a full part in the work of the institution.

> **Falmouth College of Arts'** widening participation strategy 'continues to develop, reflecting the college's commitment to embedding the strategy in all aspects of provision and ensuring a growing coherence of approach in increasing access to higher education in Cornwall. We have embarked upon a significant programme of developing staff awareness relating to disability issues, and hope to engender a greater understanding of those experiencing learning difficulties and of other minority groups by building upon our programme of workshops.'
>
> Contact: Wendy Booker, e-mail wendyb@falmouth.ac.uk

151. Specific initiatives to achieve equal opportunities goals include:

- flexible working
- improvements to recruitment processes and literature
- targeted skills development.

University College Worcester has an 'informal policy of supporting flexible patterns of employment that contribute to increasing retention. This will be given higher profile by securing accreditation under the 'Family friendly' standard. This will include a scheme to support flexible retirement, enabling staff to reduce their working hours as they approach retirement.'

Contact: Gill Slater, e-mail g.slater@worc.ac.uk

The **University of Wolverhampton** has established 'desired staffing profiles' for each school and department to direct the recruitment and promotion of under-represented groups of staff.

Contact: Andrew Snowden, e-mail a.c.snowden@wlv.ac.uk

152. Many but not all HEIs are planning to undertake some form of job evaluation exercise. Most frequently this is to deal with the issue of equal pay, and to address anomalies which may have arisen over time including, for example, pay differentials between female and male staff on separate pay scales, highlighted in the Bett Report. Given that most of this work is currently being planned, it is difficult to offer good practice at this stage. However, typical issues which institutions are considering include:

- the job evaluation system to be used. Higher Education Role Analysis (HERA) is the most popular but the Hay system is also widely used
- the cost of undertaking the exercise
- the management of any changes arising from the exercise
- whether to apply job evaluation to a pilot group in the first instance, and which groups of staff to begin with.

153. Some institutions have experience of job evaluation for some groups of staff and are now considering how to extend it across the institution.

Bournemouth University has used the Hay scheme for the last 10 years to evaluate all posts on local contracts and has evaluated APT and C posts using an analytical scheme inherited from the local authority.

It now plans to introduce an institution-wide system of job evaluation covering all categories of staff, to ensure equal pay for work of equal value applies across the university. It will assess the relative merits of extending Hay or of introducing another system such as HERA.

Contact: Michael Riordan, e-mail mriordan@bournemouth.ac.uk

Equal pay and job evaluation

154. A joint UCEA/trades union working group (Equal Pay and Role Analysis) is seeking to identify the arrangements needed to ensure that the sector's pay system delivers equal pay for work of equal value. In addition, the group was also directed to:

- develop advice and guidance for the sector on equal pay audits
- produce a national enabling framework for role analysis and related national guidelines to institutions.

155. The first priority is to develop guidance for HEIs on implementing equal pay audits. A guidance document is being prepared with the help of external experts. It is hoped that such guidance can reflect the Equal Opportunities Commission's revised code of practice on equal pay (which is expected to be finalised by autumn 2002).

156. On job evaluation, it has been agreed that the group – with assistance from independent experts – should develop guiding principles on the content of role analysis schemes appropriate for HE, ground rules for implementing such schemes at institutional level, and criteria for choosing suitable schemes.

157. UCEA has emphasised that this national work should not hold up the local developments on job evaluation, which many institutions have in train.

Review of staffing needs

158. Institutions need to develop sound processes to review, on a regular basis, the relationship between their current workforce and projected staffing needs – that is, the mix of numbers, roles, skills and expertise to provide an effective, affordable workforce which can achieve the objectives of the institution. The existence of a gap between the present workforce and anticipated future needs should then be a stimulus to action. This action is likely to be in one or more of the following three areas:

- planning to recruit the extra staff or skills needed
- planning to improve the skills of existing staff, and/or to redesign jobs and the skills they require
- reconsidering institutional plans because they are no longer seen as achievable.

159. There are clear stages in the process of reviewing staffing needs and developing plans for meeting those needs, which follow the strategy development and planning processes outlined in Part 1. These processes are likely to be iterative, but for ease of exposition they are laid out below in a linear fashion.

160. The first stage is an analysis or **audit of existing staff**, to assess:

- current staff numbers
- distribution by department and grade/level of responsibility
- skills profiles
- age profiles to inform succession planning
- pattern of leavers and joiners – to determine sources of recruitment and main competitors for staff
- which posts are hard to fill
- staffing costs.

161. Many institutions are starting to collect these data and provide them within their HR strategy.

The **University of Southampton** produces a booklet with information on nine main areas, illustrated with tables, bar charts and graphs:

- staff in post
- fixed-term contracts
- staff movements over the last five years
- part-time staffing
- labour stability
- age profile
- budgetary group comparisons
- gender staff profiles
- pay distribution.

It is seeking to build on this by producing a university staffing information profile for publication and distribution to faculties to assist workforce planning.

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162. A parallel or second stage is to **collect data on the external environment**, such as:

- government initiatives and their implications for the institution, for example in terms of pay and pension schemes
- skills and expertise available in the labour market
- pay levels and rewards packages in the external market, particularly in relation to key skill areas
- factors in the institution's local environment which might attract or deter recruits
- the popularity of existing courses, and current and future recruitment of students to subject areas.

163. Most institutions have made a qualitative assessment of external forces, and many recognise that they need to collect more specific information about such factors.

164. The next stage is to **take account of the business objectives** and forward plans of the institution to establish:

- whether more or fewer staff will be needed in particular groups, particularly where demand is increasing or falling, or it is difficult to recruit and retain skilled people
- requirements in terms of knowledge, qualifications, skills and competencies – both to do existing jobs in the future and to do new jobs
- whether the organisation currently has the required pattern of skills and competencies
- how far needs can be met by redeployment, or training and development of existing employees
- cost of early retirement or severance, if required.

165. Plans and timetables can then be put together to meet projected staffing needs, in terms of both volumes and skills, in line with the wider institutional plans.

The **University of Durham's** resource planning model is confirmed by the Resource Planning Group and each departmental plan must include an appointments strategy. Council approves the annual budget on the advice of the Finance Committee.

Contact: Jack Boyd, e-mail jack.boyd@durham.ac.uk

166. There will also need to be regular monitoring arrangements (monthly or quarterly), leading to an annual review of data to inform workforce and succession planning, and skills development.

At the **University of Hertfordshire** 'senior management receives monthly monitoring reports on all areas of the university's activities, including staffing, payroll and staff absence. The university is currently reviewing the sickness absence policy. There is an annual review of labour turnover and age profiles to inform workforce planning and succession planning.'

The university has also had a negotiated joint agreement on employment policy since 1992 which, with regular review and amendment since then, 'remains in place and forms the framework within which re-organisations and staffing reviews, including redundancy, are managed'.

Contact: Patricia Lott, e-mail p.j.lott@herts.ac.uk

Annual performance reviews

167. Performance review and appraisal is a key tool in both directing and improving staff effort. And it is not unreasonable to argue that all members of staff are entitled to receive feedback on their performance.

168. There may need to be some flexibility in corporate performance management systems, to allow for the particular needs of departments or disciplines, but the HR strategy should aim to ensure that general principles of good practice are universally applied. These include:

a. Ensuring that responsibility for annual performance reviews lies with senior managers and that they follow good practice, making sure that it is spread throughout departments. This is essential to maximising group and individual motivation and implementation of the system.

b. Well-designed and implemented policies and procedures, which cover:

- clarity about who should carry out reviews
- confidentiality (if any information is to be shared more widely, this should be clearly agreed and understood between the manager and the individual being appraised)
- training and continuing support for reviewers. A policy of undertaking performance reviews will not be implemented unless reviewers feel confident about doing so. This is recognised by many institutions, which have planned training in this area. Institutions may also need to consider targeting certain areas, such as the supervision of research staff

- cascading of objectives (from organisational and departmental levels, down to teams and individuals).

c. Rewards for good performance (and tackling poor performance – see next section).

Improving performance reviews

169. In line with good practice in other sectors, nearly all HEIs have some form of review or appraisal scheme, but many are keen to make these schemes work better. The most common proposed approaches to taking this work forward are:

a. To undertake a review of policies and procedures. Given that most institutions have been operating a scheme for some time, perhaps more could be done to learn from its successes and failures, and to use this knowledge to improve the existing scheme. This would be quicker than conducting a substantial review.

b. To provide training for managers. Most institutions clearly recognise that dealing with staff performance is an everyday management task (although many also acknowledge that this is something managers tend to avoid).

The **University of Northumbria** has set the following objective, with associated outputs and outcomes.

Objective: develop a framework where rewards are related to the degree to which staff sustain values (quality, customer care), as well as achieving quantitative targets.

Year 1: develop performance management expertise; implement performance management framework for senior managers.

Year 2: evaluate performance management framework; tailor and roll out to support staff.

Year 3: tailor framework and roll out to academic staff.

Outcomes: improved recognition of contribution measured against objectives; improved productivity; reduction of grade drift.

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170. A handful of HEIs put performance in the wider context of organisational change, and support for the employee in the wider sense – for example using employee assistance programmes to deal with stress or other personal issues. Within one such HEI's strategy there are plans to analyse the take-up of the programme, and maybe to conduct an audit of stress in the workplace.

Rewarding good performance

171. A small number of HEIs are using or proposing to use some form of performance related pay to recognise excellent performance, but this is generally only available for senior staff, not across the board. Beyond that there is little proposed use of individual performance incentives. The changes to rewards that are proposed – both monetary and non-monetary – are available to all staff or all staff in a particular category. Several institutions are using promotions and access to higher grades as a way of rewarding staff.

At the **University of Cambridge**, the Personnel Committee is reviewing the procedures for promotion to reader and professor. As well as making general improvements to the procedure, provision is being made for disabled and interdisciplinary candidates, for improvements to the definitions of criteria for promotion, and for greater clarity about the career path available to academics.

Contact: Peter Deer, e-mail Pjd33@admin.cam.ac.uk

The **University of Warwick** has made use of the promotion mechanism to increase the proportion of staff in the higher grades to recognise excellent performance, and to give that recognition without undue delay. The proportion of staff above the grade of lecturer is now around 55 per cent compared with the national limit of 40 per cent only 15 years ago. The university has also costed the recognition of academic performance by promotion.

Contact: Angela Pocock, e-mail a.j.pocock@warwick.ac.uk

172. Some institutions have agreed changes in policy and are now planning to change the pay and rewards systems.

The **University of Northumbria** has an agreed strategic approach to reward management, which seeks to service the long-term interests of the university. It has set a number of guiding principles for the reward philosophy which include: 'To move from a rigid, multiple pay grading structure to broad-banded role categories, in order to encourage personal development through learning opportunities and the development of skills and competencies needed by staff to perform at optimum level.'

Contact: Juliet Amos, e-mail juliet.amos@northumbria.ac.uk

The **University of Bournemouth's** policy is to 'move away from pay systems based on an automatic form of incremental progression to ones which are linked to achievement based on an assessment against a number of criteria'. While the university accepts that the outcomes of staff appraisal need to form part of the assessment, it is anxious that a 'partnership in performance' approach to appraisal does not get distorted by too strong an emphasis on reward, particularly pay.

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Action to tackle poor performance

173. The management of poor performance may be a particular issue in some universities and colleges that have not traditionally established clear performance expectations for their staff. To be effective the management of poor performance requires, first, that performance objectives are clear and agreed, and second, that there is a willingness to address, rather than ignore, poor performance. At the same time advice, training or other forms of support should be offered, and the individual given some reasonable time to improve their performance.

174. HR strategies should therefore seek to ensure that:

- the responsibilities of managers are clear
- there are effective procedures for dealing with poor performance and for taking disciplinary action where needed
- it is clear how individuals who are performing poorly should be monitored in the short and long term
- feedback mechanisms exist.

175. Essentially this is simply good performance management, but carried out with high levels of rigour and clarity. Managers will need to be familiar with the institution's policies in this area and the general requirements of employment law. But perhaps the main consideration here is a real willingness to address concerns, with the expectation that performance can and will improve in many instances, rather than doing nothing until disciplinary proceedings seem to be the only option. This work can take time and patience, involving clear, agreed objectives, supportive monitoring of progress, and careful documentation.

176. As with annual performance reviews, most institutions are clear that responsibility for tackling poor performance rests with managers. In some cases this performance review framework will provide an opportunity to deal with failure to meet required standards.

At the **London Business School** 'poor performance in research is normally addressed by subject area chairs in the course of annual reviews. It is [their] responsibility to advise junior faculty on issues relating to research. There is explicit provision in the review process for chairs to warn faculty in their area if they are considered to be under-performing on any of the school's four performance criteria. Faculty who are not productively engaged in research may be asked to reallocate their research time to teaching or administration. Faculty who fail to satisfy the 'tenure' hurdle are effectively dismissed from the school.'

Contact: Philip Willatt, e-mail pwillatt@london.edu

177. However, most institutions recognise that many aspects of poor performance should be tackled as and when they arise, not left for discussion in the annual review process.

At the **University of Bournemouth**, it is policy that required standards of performance for all staff should be 'clearly identified and assessed'. Where poor performance persists, managers must address the issues outside of the appraisal process and, advised by the personnel department, seek to identify the causes and agree appropriate action.

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178. Most institutions also recognise that managers need to be trained and supported so that they feel confident in dealing with performance issues.

UMIST is clear that 'although responsibility for dealing with poor performance must lie with day-to-day management, there is a need to ensure that managers are correspondingly aware of policy, and are given support and training in delivery.'

Contact: Judith Clayton, e-mail judith.clayton@umist.ac.uk

179. Most institutions that chose to address the management of poor performance in their strategies, already had some policy or statement on this aspect. The main areas where they are seeking to bring about improvements are in integrating competency and disciplinary policies and practices within the everyday management of the institution, and in developing the skills of managers.

Using competency and disciplinary procedures

180. Many HEIs find it difficult to deal with these issues, particularly staff competence. They see the revision of policies and the training of managers as the key to making improvements. As indicated above, they see that HR has a responsibility to provide sound, workable policies and to give advice to line managers. Managers then have to implement them, and training is important because no amount of written words can cover every eventuality, or the specifics of an individual case. There will always be an element of judgement required as to what action should be taken, if any, and when. Consistency of practice is achieved through advice from HR staff and the training of managers, which should provide opportunities to discuss cases and explore 'what-ifs'.

181. There is no sector-wide consensus as to what would lead to the use of formal competency proceedings, although some institutions are clear about the research that has to be undertaken. The key questions for managers are probably:

- is this person's performance such that it is leading to users (such as students or employers) receiving a level of service which I could not justify?
- is this person's performance/behaviour having a substantial negative impact on the work and performance of colleagues?

If the answer to either of these is 'yes' then some action needs to be taken.

Building commitment to performance management

182. Given the difficulty of implementing disciplinary or competency proceedings it is important that senior managers are seen to be supportive of managers who legitimately use these procedures. A key part of many HR strategies therefore is to build senior managers' understanding of their role in helping other managers make good decisions and then supporting them while they are being implemented.

Annex A

Specific areas which HR strategies should cover

Each HR strategy should cover the following areas:

a. Address recruitment and retention difficulties in a targeted and cost-effective manner.

b. Meet specific staff development and training objectives that not only equip staff to meet their current needs but also prepare them for future changes, such as using new technologies for learning and teaching. This would include management development.

c. Develop equal opportunities targets, with programmes to implement good practice throughout an institution. This should include ensuring equal pay for work for equal value, using institution-wide systems of job evaluation. This could involve institutions working collectively – regionally or nationally.

Strategies should also cover how institutions will address (or are already addressing) the need to achieve:

d. Regular reviews of staffing needs, reflecting changes in market demands and technology. The reviews would consider overall numbers and the balance of different categories of staff.

e. Annual performance reviews of all staff, based on open and objective criteria, with rewards connected to the performance of individuals including, where appropriate, their contribution to teams.

f. Action to tackle poor performance.

Annex B

Self-evaluation questionnaire

The following questionnaire is designed to help institutions think about the areas in their HR strategies that need attention.

Strategy development

1. How well is the HR strategy process connected with wider institutional planning and strategy processes? For example:

a. Are the right senior managers involved?

b. If HR is not well established, are we clear about how best to express the HR contribution to senior managers?

c. How are analyses of the external and internal context shared?

d. Have we harmonised the HR strategy timetable with other planning and decision-making cycles?

e. How do we ensure decisions about HR priorities are taken in the context of wider goals?

2. Do we fully understand the implications of the external environment and institutional problems/goals for HR? For example:

a. Are changes in HR-related legislation acknowledged?

b. Do we have adequate data on changes in salaries?

c. Are current institutional problems or goals reflected in the HR strategy?

3. How will we know that we have identified the HR goals that will best support the organisation's goals? For example, when and how are the links with corporate goals tested?

4. Do we fully understand where we are now? For example:

a. Is too much/too little information available?

b. Are we drawing relevant conclusions?

c. Do we need to consider systems development?

d. Have we learned from what we have done in the past?

e. Do we have an accurate appreciation of our HR capacity?

f. Is the role of HR clear?

g. Do we have a balance of qualitative and quantitative information?

5. How do we build wide ownership for the strategy? For example:

a. Who is consulted, when and how?

b. Do people understand their role in the strategy?

6. Has the best package of HR priorities been identified? For example:

a. Have a range of options been considered?

b. Is this the best value to be obtained from available money?

c. Have we done a reality check – is the whole HR strategy achievable and coherent?

d. Have risks been considered?

e. Are the different elements mutually reinforcing?

7. Are the targets measurable? For example:

a. At outcome and output level, as well as for inputs and processes?

b. When and how will progress against targets be monitored?

c. Does specific evaluation activity need to be planned?

The strategy document

8. Does the document tell a clear story about what needs to be done and why? For example:

a. Is the thinking behind the strategy made clear?

b. Is it positive in tone?

c. Can the reader follow the links through from corporate goals to HR goals and specific HR priorities?

9. Does the document have the right level of detail? For example:

a. Will it be a useful tool for senior managers to monitor progress?

b. Does it provide enough information (such as a baseline analysis) to make the reader confident about how priorities were decided?

c. Are SMART targets set out? Are key milestones included?

d. Do the targets reflect what we are trying to achieve/our priorities?

e. Is it proportionate (more detail for bigger projects than smaller ones)?

f. Does it provide enough information to make the reader confident about delivery?

g. Is it as concise as possible?

10. Are resource requirements clear and honest? For example:

a. Are costs realistic?

b. Are timings of expenditure realistic?

c. Are potential future expenditure commitments clearly set out?

11. Have we clearly shown that the HEFCE special funding is supporting additional activity with measurable impact?

12. Have we explained how the strategy was developed and how it will be implemented? For example:

a. Explaining who was involved in consultation and decisions?

b. Setting out who will be responsible for implementing which elements?

c. Setting out how it will be monitored and reviewed (with reporting points)?

d. Using a range of change levers?

13. Have weaknesses identified in previous feedback been addressed?

Priority areas

14. Have the good practice and common weaknesses across the sector been considered? For example:

a. Can we learn from the guidance and case studies in Part 2 of this guide or through networking with other organisations?

b. Should we be amending or improving any element of our strategy?

c. Do equal opportunities run across all the priority areas?

15. The following prompts are not exhaustive:

- **recruitment and retention**
  - can we improve our analysis and use of internal and external data?
  - do we know what the key gaps are?
  - are proposed initiatives tightly targeted?
  - have all aspects of compensation and benefits been considered?
  - have other factors which may affect staff motivation and retention, such as job design and career progression, been considered?
- **staff development and training**
  - are all staff included?
  - is there clarity about how training and development needs are identified?
  - are there clear and focused priorities, linked to outcome and output targets (as well as any process or input-based targets)?
  - how will the impact of any activity be evaluated?
- **equal opportunities**
  - is there awareness of the full implications of legislation?
  - what is the wider diversity context?
  - do we need to collect better data to enable targeting of activities?
  - are activities linked to outcome and output targets – such as quantitative targets for workforce composition and qualitative targets for 'inclusivity'?
  - are we addressing male/female pay differentials by job evaluation?
  - what training and development is required?
  - have we included output and outcome targets, as well as process or input targets?
- **review of staffing needs**
  - has there been an analysis of the existing workforce?
  - is there a clear process for projecting future workforce needs?
  - have we taken account of local and wider labour market issues?

- **will there be regular monitoring and updating?**
  - annual performance reviews
  - how are we reinforcing the responsibilities of managers?
  - what training and other support is provided for managers?
  - what are the rewards for good performance?
  - are the review criteria clear to all staff?
  - managing poor performance
  - is the management of poor performance integrated with other management and management development activities?
  - are there clear and effective processes?
  - do managers take a positive approach which seeks to minimise reliance on formal procedures?
  - what training and other support is provided for managers?

List of abbreviations

ECU	Equality Challenge Unit
EFQM	European Foundation for Quality Management
HE	Higher education
HEFCE	Higher Education Funding Council for England
HEI	Higher education institution
HERA	Higher Education Role Analysis
HR	Human resources
HRM	Human resource management
IT	Information technology
SMART (targets)	Specific, measurable, agreed, realistic, time-limited
UCEA	Universities and Colleges Employers' Association

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